



Australian Government

Department of Foreign Affairs and Trade



AID PROGRAM PERFORMANCE REPORT 2015-16

Myanmar

September 2016



KEY MESSAGES

This report outlines the progress of Australia's aid program in Myanmar from July 2015 to June 2016. The program was implemented in line with Australia's Myanmar Aid Investment Plan 2015-2020 and reflects the priorities of the Australian and Myanmar Governments.

In 2015-16, Australia provided \$75.4 million in development assistance to Myanmar through multilateral organisations, government and non-government organisations. Australia's aid program made good progress in 2015-16 against our objectives: enhancing human development through education; promoting peace and stability; and promoting inclusive economic growth and government management. Some key achievements attributable to Australian aid include:

- providing school grants to 43,000 government schools and 1,521 monastic schools, reaching 9.3 million students
- providing 120,000 disadvantaged students with stipends to enable them to continue their education
- delivering life-saving humanitarian assistance to 372,000 vulnerable women, men, girls and boys in conflict-affected and displaced communities, including in Rakhine State and on the Thai-Myanmar border
- supporting credible, transparent and inclusive elections in Myanmar, including enabling greater participation by women and people with disability
- increasing incomes for 26,180 Myanmar households.


CONTEXT


Myanmar's transformation has been underway since 2010, when the then-military government initiated a series of major political and economic reforms and began to pursue a nationwide peace process. This transition entered a new phase in 2015-16, with the partial signing of a Nationwide Ceasefire Agreement in October 2015 and the conduct of fully contested democratic elections in November 2015. Aung San Suu Kyi's National League for Democracy (NLD) won a landslide victory, with a new civilian-led government taking office in April 2016 after an orderly handover of power. The lack of major political turmoil during this transition was a tribute to the former Thein Sein Government, the new NLD Government and the military. However, the long, constitutionally-mandated handover of power resulted in a slowing down of government decision-making and approvals throughout much of 2015-16.

The Myanmar Government took early positive steps to release some of the remaining political detainees and repeal or amend laws that restricted freedoms. The government has prioritised peace and reconciliation by advancing the peace process and establishing mechanisms to tackle the complex challenges in Rakhine State. It has also demonstrated a focus on transparent and inclusive government, including through increased transparency around financial management and a focus on providing a quality education to disadvantaged and hard-to-reach children.

While we would expect the government's reforms to yield positive results, the complex challenges in Myanmar mean that progress may be slow. Areas that suffer from conflict, displacement and lack of economic opportunity will be difficult to transform, and there will be a lag between good policy and substantial change on the ground. While Myanmar's new government has taken steps to address the many challenges it faces, its capacity constraints impact on its ability to meet the very high – and to some degree, unrealistic – expectations that are held for it by elements of Myanmar's population.

Continued reform has enabled Myanmar to continue its strong economic growth trajectory, recording 7 per cent growth in 2015-16. This represented a decline on the previous year's figure of 8.5 per cent, largely due to the August 2015 floods reducing agricultural output, a slowdown in foreign investment flows due to the election and long transition, a weakening Kyat, and falling gas prices reducing export revenue. Investors have generally remained upbeat following the elections, and many predict economic growth may accelerate again in 2016-17.





The positive economic growth trends are building from a very low base. Myanmar remains one of the poorest countries in South-East Asia, despite some recent improvements in poverty rates. The World Bank calculates that 37.5 per cent of Myanmar's population are living in poverty; that rate reaches more than 70 per cent in some rural areas. At 64 years, Myanmar's average life expectancy is the lowest among its ASEAN peers. Approximately 10 per cent of Myanmar's population does not have access to enough food.


Development indicators lag behind neighbouring countries. Education standards remain low, with only half of all enrolled children completing primary school. Approximately 10 per cent of school aged children do not receive any basic education. Myanmar performed somewhat better on the 2015 Gender Inequality Index, ranking 85 out of 155 countries and above its South Asia peers. People affected by ongoing conflict and displacement are some of the most vulnerable in Myanmar. In 2016, the UN estimates over one million peopleⁱ are in need of humanitarian assistance, including 240,000 internally displaced people and 106,000 Myanmar refugees living in Thailand.

Australia has sought to engage closely with the new Myanmar Government early in its term to support the substantial reform agenda, including through the aid program. Australian aid is guided by the Aid Investment Plan 2015-2020 (AIP), which identifies the overarching goal of Australia's aid program as being to support Myanmar's process of political, social and economic reform. Australian aid helps create an environment conducive to inclusive economic growth and increased trade by strengthening government capacity, promoting peace and stability, and supporting the development of an educated and competitive workforce. These activities complement and reinforce other elements of our bilateral relationship, including our growing trade and investment ties, expanding defence relationship, support for human rights and people-to-people links. For example, improvements to the business regulatory environment assist Australian and international business engagement in Myanmar, and our Australia Awards scholarships and New Colombo Plan placements foster people-to-people links in the education sector.

The AIP sets Australia's strategic priorities, but also recognises the importance of being flexible and responsive to the Myanmar Government's policy priorities. This approach led Australia to delay two major education investment designs through the government transition, to ensure the investments are supported by the Myanmar Government and align with its priorities. The establishment of the Joint Peace Fund (JPF) in January 2016 is another example of Australia's investment in flexible and responsive mechanisms that support the government's highest priorities.

In 2015-16 Australia provided \$75.4 million in official development assistance (ODA) to Myanmar, a reduction of 24 per centⁱⁱ from \$99.1 million in 2014-15. This aid was delivered largely through multi-donor trust funds, although Australia has been working more closely with the Myanmar Government – both directly and through our membership of these trust funds. Australia's ODA to Myanmar equated to approximately 4.2 per cent of total ODA to Myanmar and 0.07 per cent of Myanmar's estimated 2015 gross domestic productⁱⁱⁱ.

The reduction in Australian aid in 2015-16 ran counter to the significant increase in aid to Myanmar from other donors. The transition following the 2015 elections was perceived by many international partners as a rare opportunity to invest in Myanmar's transformation. While official figures are difficult to confirm, we estimate Australia has moved from sixth to eighth in bilateral donor rankings. However, Australia's aid to Myanmar is entirely grant funding, whereas some other donors provide a significant proportion of their ODA as concessional lending. Australia's technical expertise, enduring engagement with government, and reputation as a constructive and pragmatic partner has enabled us to remain involved in key policy discussions with government and donors in areas of strategic interest.



EXPENDITURE

Table 1 Total ODA Expenditure in FY 2015-16

Objective	A\$ million	% of total ODA
Bilateral		
Objective 1 - Enhancing human development	20.6	27
Objective 2 - Promote peace and stability	21.9	29
Objective 3 - Promoting inclusive economic growth and government management	11.2	15
Sub-Total Bilateral	53.7	71
Regional and Global	21.5	29
Other Government Departments	0.2	0
Total ODA Expenditure	75.4	100


PROGRESS TOWARDS OBJECTIVES


The performance of Australia's aid program is measured against the performance benchmarks and performance assessment framework detailed in the Myanmar AIP. The ratings for each objective remain green in 2015-16. The consistent green ratings against each objective reflect that Australia set realistic performance targets in a complex and challenging operating environment. It also reflects Myanmar's positive development trajectory and strong engagement by government. While the extended government transition in Myanmar has slowed progress in some areas, there remains a strong sense that Myanmar will 'catch up' in the year ahead. We assess that no restorative action is required to meet the three aid objectives over the life of the AIP.


Table 2 Rating of the Program's Progress towards Australia's Aid Objectives

Objective	Previous Rating	Current Rating
Objective 1: Enhancing human development	Green	Green
Objective 2: Promoting peace and stability	Green	Green
Objective 3: Promoting inclusive economic growth and government management	Green	Green

Note:

 Green. Progress is as expected at this stage of implementation and it is likely that the objective will be achieved. Standard program management practices are sufficient.

 Amber. Progress is somewhat less than expected at this stage of implementation and restorative action will be necessary if the objective is to be achieved. Close performance monitoring is recommended.


 Red. Progress is significantly less than expected at this stage of implementation and the objective is not likely to be met given available resources and priorities. Recasting the objective may be required.

OBJECTIVE 1: ENHANCING HUMAN DEVELOPMENT

Education

The enhancing human development objective was rated green in 2015-16. Although two major investment designs are yet to be approved due to the extended government transition in Myanmar, we assess that a green rating is still warranted due to: the Ministry of Education's (MoE) support for and deep engagement on these investments; strong performance of existing investments; and Australia's leading role in shaping education policy in Myanmar.

The previous Myanmar Government oversaw significant reforms to the education sector, including the formal recognition of the monastic school system in 2015. The change in government presented an opportunity to advance further reforms in Myanmar's education system. Education is a priority for the new Myanmar Government. There has been high level engagement - including from Aung San Suu Kyi - in framing



education priorities for the new government. This included convening a series of seminars with senior Ministry officials, development partners and other key stakeholders. Priorities include: improving education access and quality, especially for the disadvantaged; strengthening teacher education and management; and building a system for evidence-based decision making. The new government has committed to at least maintaining current education expenditure (approximately \$1.9 billion, or 2.3 per cent of GDP), with some indications of possible increases. For example, the government recently allocated approximately \$9.7 million from a telecommunications tax to education.

The draft National Education Sector Plan (NESP), which will guide education reforms over next five years, is close to being finalised. With the transition to the new government, the NESP is being revised to incorporate a greater focus on inclusive education and strengthening education systems. The government is also focused on improving aid coordination mechanisms and increasing transparency around education planning and budgeting. This significant step forward demonstrates the government's strong leadership in education and its commitment to accountability.


Education continues to be the flagship of Australia's aid program to Myanmar. Enhancing human development through education contributes directly to poverty reduction, economic growth and stability. Australia was the largest donor to the education sector in Myanmar in 2015-16, providing around \$20 million. Australia is particularly well placed to respond to the new government's education priorities. We took a calculated risk in putting in place a new Education Sector Investment Plan 2015-2020 and progressing investment designs in obvious areas of need through the government transition, where many other donors chose to wait. The focus on access, teachers and quality systems mirrors the new government's agenda and positions Australia to respond to the government's priorities early. In doing so, we have retained our position and credibility as a leader in the education sector and further strengthened our partnership and relationship with the MoE and the new government.


In 2015-16, Australia dedicated significant staffing resources to the design of two new education investments. The first is a new teacher mentoring investment, which focuses on supporting the 40 per cent of primary school teachers in Myanmar who have less than three years teaching experience. In particular, it will support them to avoid rote learning techniques that are currently the status quo, and help foster new approaches to teaching and learning that promote critical thinking skills. This will help lift the standard of primary education being delivered in the classroom.

The second is the Myanmar Education Quality Improvement Program, which aims to improve education policy, planning, management and teaching by strengthening the collection and use of timely and relevant information at all levels of the education system. Building a system that values and uses data to improve learning outcomes at the beginning of the reform process will deliver better returns for investments in the sector. A visit by Myanmar education officials to Australia in March 2016 highlighted the importance of empowering managers and teachers to use information to create positive change in classrooms.

In 2015-16, Australia's largest education partnership with the MoE and the World Bank, the Decentralising Funding to Schools Project (\$11.5 million in 2015-16), continued to perform beyond expectations. The MoE delivered school grants and stipends on time and on budget for the first time, by far exceeding its target: school grants were paid on time to 95 per cent of schools in 288 of Myanmar's 330 townships (the performance benchmark was 80 per cent of schools in 100 townships). This covered 43,000 government schools and 9.3 million students, compared to a target of 7.8 million. Australia successfully negotiated the inclusion of 3,052 registered monastic schools in the school grants program for the first time, signalling a more inclusive approach to education by the Myanmar Government.

Australian support enabled the MoE to provide stipends to over 120,000 disadvantaged students (the performance benchmark was 18,000 students) to reduce school dropout rates. Of these, 47 per cent of recipients were girls – just short of the 50 per cent target. The program's monitoring system found that parents are contributing less money to support school operational costs and 97 per cent of children receiving stipends are staying in school.





The targets were considered achievable and realistic when they were set in 2014. The strong performance is largely due to the Ministry's strong leadership of and commitment to the project, as reflected in the human and financial resourcing provided: the Ministry contributed US\$180 million^{iv} (approximately \$234 million) to Australia's \$25 million. This reflects the shared objectives and mutual obligations that exist between Australia and Myanmar in the education sector. Recognising the success of the program, Australia has been working with the MoE and the World Bank to make the targets more ambitious and sophisticated, for example, by moving the focus from access (i.e. increasing the number of girls and boys attending schools) to quality (i.e. increasing the focus on teaching and learning outcomes in schools).

Australia's other main education investment is the Myanmar Education Consortium (MEC, \$4.5 million in 2015-16), to which we are the main donor. MEC provides education to the hardest-to-reach communities in Myanmar. Following an independent review in 2015, MEC shifted its focus in 2016 to strengthening ethnic and monastic education systems. MEC has worked with government and non-government partners to address policy barriers to improving education quality in ethnic and monastic schools, with a view to supporting eventual convergence between government, ethnic and monastic education systems. This complements Australia's support to the peace process, and reaffirms Australia's support to improve access to quality education for all children across Myanmar.

MEC has continued to fill a vital gap in Myanmar's education system. It is the only multi-donor mechanism that funds ethnic education service providers across multiple systems, and is viewed as a credible partner by government and ethnic education providers alike. In 2015-16, Australia's support to MEC has helped train 12,115 teachers (target: 10,756) and 1,116 early childhood caregivers (target: 1,048) in remote community schools, benefitting an estimated 224,000 children. MEC helped to improve the quality and consistency of the monastic education system, which resulted in the previous Myanmar Government recognising monastic schools as a legitimate part of the national education system. This was essential to enabling monastic schools to access government school grants through Australia's education partnership with the MoE. MEC also facilitated discussions between disability organisations and parliamentarians, contributing to the amended Education Law better catering for children with disability.


Australia continued to engage closely on education policy in our role as co-chair of the donor coordination group for Myanmar's education sector. Over the last year we managed donor engagement with the previous government on the draft NESP, particularly in the area of teacher policy and quality assurance approaches. Australia's domestic expertise in this area helped ensure that Myanmar's framework is consistent with international best practice. Australia also played a key role in engaging with the government-elect and the MoE during the transition period, and has facilitated engagement between donors and the new government since April.


Going forward, Australia will look to finalise two major education investments as soon as possible in 2016-17, and continue to play a leading role in policy engagement with the Myanmar Government.

Health

To implement the aid budget reduction in 2015-16, Australia decided to make no further financial contribution to the Three Millennium Development Goal Fund (3MDG). 3MDG is a major (US\$271 million) multi-donor trust fund addressing: maternal, newborn and child health; HIV, tuberculosis and malaria; and strengthening health systems. The decision to conclude support for 3MDG was not based on a perceived lack of performance; rather, it was grounded in a decision to consolidate the number of sectors Australia supports in Myanmar. While 3MDG donors and the Ministry of Health were disappointed by Australia's decision, Australia accepted an invitation to remain on the 3MDG Fund Board in 2016-17 to ensure our previous financial contributions continue to be spent in line with our broader policy objectives, such as increasing development assistance to Rakhine State.

3MDG delivered good results again in 2015-16. 71,597 children under one were immunised against tetanus, diphtheria, pertussis and hepatitis B (target was 78,875), and nearly 160,000 suspected TB cases were screened – a doubling of numbers recorded for 2014. However, the program continues to lack focus on disability and shifting performance targets have made it difficult to assess progress over time.





In 2016-17, Australia will continue to support Myanmar's health sector through regional health investments, the Australia NGO Cooperation Program, Australia Awards Scholarships and Fellowships, and by funding volunteers in the health sector.

OBJECTIVE 2: PROMOTING PEACE AND STABILITY

Australia's aid program supported Myanmar's peace process, democratic reforms, and ongoing humanitarian needs in 2015-16. The situation in Rakhine State provided a particular geographical focus for the program.

This objective is rated green in 2015-16. While the major performance milestones were achieved – particularly around successful support to national elections, the establishment of the Joint Peace Fund (JPF), and the high number of beneficiaries of humanitarian assistance – we did not meet the internal performance milestone of completing a humanitarian strategy by June 2016. The humanitarian strategy is now due to be completed by December 2016.

Democratic governance

In November 2015, Myanmar held its first successful and openly contested elections since 1960 – an important milestone in the country's democratic transition. The elections were transparent: professional observers were officially invited to participate for the first time, and approximately 12,500 accredited international and local observers were present. Around 70 per cent of those on the voter list turned out to vote; 52 per cent of those on the list were women. Australia was a significant donor to the election, along with the United States, the United Kingdom, and the European Union.

In 2015-16, Australia supported the conduct of elections through the International Foundation of Electoral Systems (IFES) and the Australian Electoral Commission (AEC). These partners provided technical support and advice to the Myanmar Union Election Commission (UEC) to improve the management of the electoral process, including by implementing a digital voter list – one of Australia's performance benchmarks – and promoting inclusive voter participation in the election.


The 2015 voter list was the first ever digitised, centralised database in Myanmar language, containing 34.3 million names. Prior to 2015, the country's voter list was decentralised and largely typed or hand-written at the local level, which resulted in the list being inaccurate and open to manipulation. In the post-election survey, it was found that 86 per cent of respondents were satisfied with the UEC's updates to the voter list.

Observers reported the conduct of elections was technically sound, with around 90 to 95 per cent of polling stations meeting international standards. In a post-election survey, 99 per cent of UEC officials found the AEC's cascade training to over 570,000 polling officials was useful.

IFES supported the UEC to conduct an inclusive election with Australian funding. Disability inclusive polling stations were piloted at 18 locations in six states and regions. The UEC provided ballot guides in Braille and facilitate physical access to the polling booths. Voter education materials were distributed in 16 languages.

Australian support promoted women's inclusion in the electoral process. IFES supported local partner Yaung Chit Thit to implement She Leads, a women's leadership program that provided training to over 700 women to address the lack of women's leadership in political and decision-making processes at all levels of state and society. The women provided voter education to over 50,000 people prior to the election, and over 70 participants took on leadership roles in the election, including as candidates, observers, party agents or election officials. The proportion of women members of Parliament increased from 5.9 per cent to 14.5 per cent of all elected MPs in the Union Parliament in the 2015 election.

Australia also funded The Asia Foundation to produce an innovative smartphone app that provided information about the elections, candidates, political parties and election procedures. The app's election information database received more than 12 million hits.





Peace

The peace process continued to make substantial progress in 2015-16. A major milestone was reached in October 2015, with the partial signing of a Nationwide Ceasefire Agreement (NCA) between the previous government and eight ethnic armed organisations. A Union Peace Conference followed in January 2016 to commence the formal political dialogue agreed in the NCA. However, some major ethnic armed organisations chose not to sign the NCA, despite having been involved in the NCA drafting process.

The new government quickly identified the peace process as a priority and recently signaled support for the NCA architecture. In late April 2016, Aung San Suu Kyi endorsed the Union-level Joint Monitoring Committee^v established under the NCA, which will allow it to implement the ceasefire agreement between parties. The government has also announced its commitment to restart the political dialogue process.

Australia continued to be a prominent partner to Myanmar's peace process in 2015-16. Australian funding supported locally-driven peace negotiations, along with development activities that provided new opportunities for people affected by conflict and stability. Phase Two of the Myanmar-Australia Peace Support program commenced in January 2016 with the renewal of funding commitments to the Centre for Humanitarian Dialogue and the Centre for Peace and Conflict Studies (CPCS) and a new investment in the multi-donor JPF.

Australia was influential in designing the JPF, which was led by the European Union and established in December 2015. The JPF is a multi-donor fund that provides a framework for international assistance to the locally-led peace process in Myanmar. It has been designed to pool donor resources, improve coordination and convene major stakeholders. The JPF will provide a mechanism for funding peace process architecture, peacebuilding and research to support needs that emerged from the signing of the NCA in October. It will play an important role in supporting an inclusive peace process through a coordinating body involving government, donors and ethnic armed groups.

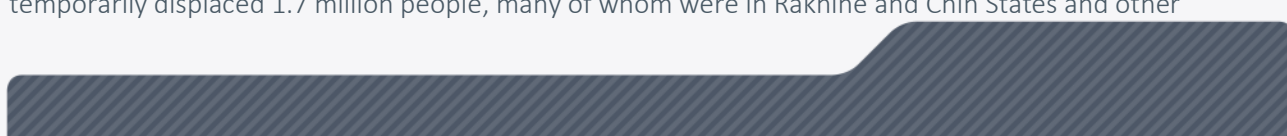
Australia continued to provide assistance to better prepare women to engage in the peace process. CPCS delivered leadership training to 11 women who are engaged in the peace process. The increased leadership capacities are evidenced by the improved leadership performance in their respective organisations. For example, one of the participants is now the Executive Director of a peace organisation in Shan State, where she plans to apply the knowledge she gained through Australian-funded training. Australian-funded partners continued to advocate for implementation of the 30 per cent quota for women's participation in the formal political dialogue for the peace process, in line with the outcomes of the Union Peace Conference in January 2016. However, women's participation is still challenging to broker in a negotiation process led by male-dominated ethnic armed groups, the Tatmadaw (Armed Forces) and government committees.


Australian-funded partners continued to be responsive to requests for technical support from negotiating parties. The partial signing of the NCA created a dynamic where partners were working with both signatories and non-signatories to the NCA, which required different approaches to outreach and technical support. Key partners adapted to this change of context so as to remain responsive to all parties.

To ensure the aid program is positioned to report on progress in the years ahead, we will develop a program level monitoring and evaluation framework for Australia's support to the peace process. This framework will recognise the limitations of what Australian support can achieve and lead to an updated AIP performance assessment framework that reflects these changes. We will make milestones more measurable and connected to existing strategies, and look to move beyond counting the number of women trained.

Humanitarian

The humanitarian sphere in Myanmar continued to be complex and challenging. There are three distinct humanitarian contexts: active conflict in northern Myanmar; long term displacement of Myanmar refugees in Thai camps; and the ongoing intercommunal tensions and displacement in Rakhine State. Myanmar's vulnerability to natural disasters and the flow on effects for those already displaced by protracted crises was again evident in 2015. Cyclone Komen and associated flooding affected over nine million people and temporarily displaced 1.7 million people, many of whom were in Rakhine and Chin States and other





disadvantaged locations. While the Myanmar Government demonstrated strong leadership in responding to the floods, the protracted crises remain difficult to resolve. Australia remains a significant long term humanitarian donor to Myanmar, and has maintained strong relationships with other major bilateral donors^{vi}, the UN, and non-government organisations.

In 2015-16, Australia provided lifesaving humanitarian assistance to over 372,000 women, men, girls and boys in Myanmar, exceeding the performance benchmark of 200,000. The increase in numbers was partly due to Australia's response to Cyclone Komen and associated flooding across Myanmar in August 2015. Australia partnered with the Myanmar Government, UN agencies and non-government organisations to provide temporary shelter, safe drinking water, health care and basic supplies such as clothing, bedding and kitchen sets to affected communities following the floods.

Over one million people remain in need of humanitarian assistance in 2016. Australia's humanitarian funding provided education and economic opportunities for affected communities in Myanmar and along the border with Thailand. This included preparing students and teachers in Thai-Myanmar border camps for a possible return to Myanmar, and providing training in financial literacy and small business development to help displaced people prepare for life after a return to Myanmar.

Australia also supported services that protect the safety and dignity of vulnerable people, particularly women and girls. Our support provided access to legal assistance for victims of gender-based violence and rehabilitation centres for mine survivors. Australia's contribution helped build support for and adherence to international humanitarian law and the principles of humanity, neutrality, impartiality and independence.


Australia supported UNICEF's child protection program to address urgent protection and psychosocial needs in conflict-affected and displaced communities. Australian aid enabled UNICEF to provide social work case management services to 70,510 girls and boys in Kachin, Rakhine and northern Shan states. An additional 15,684 received psychosocial support. The program maintained a strong focus on disability. This included piloting a Victim Assistance Centre to improve the quality of life of landmine survivors by providing access to mobility devices and increasing social participation. In 2015, UNICEF assisted 59 casualties, including 34 children.


Australia is developing a humanitarian strategy for Myanmar that is informed by analysis of the Myanmar context and includes Australia's global humanitarian, early recovery, and resilience priorities. It is focused on moving to multi-year funding commitments with major partners. While the strategy is under development, it was not finalised by end June 2016 as per the milestone in the performance assessment framework. The strategy will reflect Australia's broader approach to protracted crises and will now be completed by December 2016.

The situation in Rakhine State continued to cause concern among international observers. Following intercommunal violence in 2012, approximately 120,000 people (most of whom are Muslim) remain living in internally displaced persons camps. Rakhine State is one of the poorest in Myanmar, with an estimated 78 per cent of the population across all ethnic groups living in poverty. In June 2016, the Myanmar Government announced a series of initiatives, institutions and processes designed to address Rakhine State's many challenges, including the situation of Muslims in Rakhine State. The internal political dynamics are complex and any durable solutions will require sustained effort by local actors.

In 2015-16 we made significant progress in integrating our humanitarian and development programs, particularly in Rakhine State. Australia drew on humanitarian funding to support early recovery and longer term resilience activities, while using development funding from education and livelihoods programs to support development activities for conflict-affected and displaced communities. One practical example of this was a joint education and humanitarian mission to Rakhine State in June 2016, which explored opportunities for further integration of humanitarian and development programming.

The Livelihoods and Food Security Trust Fund (LIFT) provided assistance to those affected by Cyclone Komen in 2015. LIFT cancelled loans or entered into new repayment plans for people who were affected by the





cyclone after accessing concessional finance. This helped affected people to avoid becoming overwhelmed by debt following the cyclone.

Australia has continued to support activities that bring together humanitarian, development and peacebuilding activities. For example, through CARE Australia's development program in northern Rakhine State, Australia has supported regular engagement between Muslim communities, ethnic Rakhine communities and the Rakhine State Government relating to community forestry training. This engagement with government is rare and has helped build trust between the groups. Such an approach has the potential to improve peace prospects and development opportunities and reduce humanitarian needs over time.

In 2016-17, the aid program will continue to consolidate partners and activities where it makes sense to do so. We made good progress in the peace portfolio, but need ongoing attention in the humanitarian portfolio. Further, given the tight fiscal environment the program will seek to avoid a proliferation of activities while maintaining some responsive capability.

Australia will increase development assistance to Rakhine State through the reallocation of resources within our existing investments. Programs in Rakhine will adopt conflict sensitive approaches and ensure that aid is directed to areas of significant need. The extension of the Decentralising Funding to Schools Project's stipends program to Rakhine State will provide practical assistance to disadvantaged students and their families.

OBJECTIVE 3: PROMOTE INCLUSIVE ECONOMIC GROWTH AND GOVERNMENT MANAGEMENT

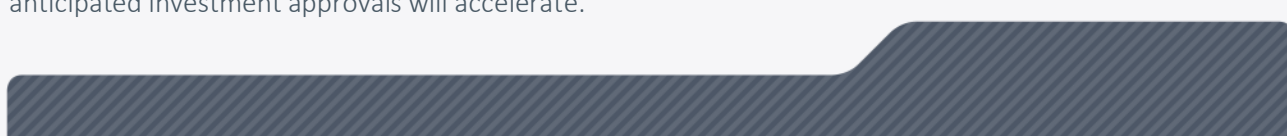
Progress towards this objective is rated green. The various investments under this pillar are performing well, with three performance milestones achieved and one partly achieved. The partial achievement of the milestone relating to Myanmar's investment procedures is the result of the extended political transition in Myanmar and associated delays in the passage of legislation. That is, investment procedures have been clarified through consultation with business and civil society to date, and will be further clarified once the Investment Law and implementing regulations are passed by Parliament. In light of this, we assess that no restorative action is required and a green rating is appropriate.


The new government launched its economic policy in July 2016, identifying 12 priorities for its term. Australia's investments support four of these government priorities: increased transparency in public financial management; promoting growth in agriculture; encouraging private sector-led growth by easing business regulation; and reforming the tax system. In 2015-16, we focused on enabling private sector led growth by contributing to an effective and responsible business environment. This involved support for macro-level legislative and regulatory reforms and dialogue with the business community, as well as facilitating the development of market chains and improving access to finance for rural businesses.

Private sector development

Myanmar's formal markets are modest in scale, rural areas lack access to capital, and the small and medium enterprise sector is underdeveloped. In 2016, Myanmar is ranked 167 out of 189 countries in the World Bank's Doing Business assessment. However, Myanmar is a leading reformer in the ease of starting a business, jumping from 189 in 2015 to 160 in 2016. If constraints around costs, capital, connectivity and skills are addressed, Myanmar has the opportunity to increase economic growth to meet demand from South-East Asia's rapidly urbanising population.

While confidence in economic reform efforts remains high, progress was delayed in 2015-16 due to the election and long transition to the NLD-led government. This is largely because the key reforms require the passage of legislation, and there is a significant backlog following the transition. The two critical pieces of legislation are the Investment Law and the amendment to the *Companies Act 1914*. In addition, investment flows into Myanmar declined due to the adjournment of the Myanmar Investment Commission during the government transition. The Commission has now been re-established with new appointees, and it is anticipated investment approvals will accelerate.





Progress in technical areas of economic reform was positive. For example, a comprehensive diagnostic trade integration study was launched on 20 June, which will help Myanmar integrate into the global economy. Australia also contributed technical expertise alongside International Finance Corporation (IFC) experts to help build Myanmar's capacity in areas such as reservations lists and investor-state dispute mechanisms.

There has been a recent increase in development assistance for private sector development in Myanmar. The World Bank and the Asian Development Bank are major multilateral partners, while Japan and the UK are the largest donors. Australia is a relative newcomer to the sector^{vii}, but increased support to the IFC in 2015-16 in response to a successful pilot phase, and is now considered a medium-sized donor to the sector.

Australia supported the drafting of a new Investment Law in partnership with the IFC. The draft law has been finalised and is with the President's Office awaiting introduction to Parliament, and we therefore met this performance benchmark for 2015-16. The extensive consultation conducted in developing the legislation was commended by international observers. Once passed, the Investment Law will further clarify investment procedures and is likely to lead to further foreign investment – an essential ingredient for continued economic growth in Myanmar.

The IFC has facilitated the establishment of the Myanmar Business Forum. This forum is operating as an effective means of communication and consultation between government and business, thus satisfying another performance benchmark for the reporting period. In 2015-16, business representatives raised 70 issues through the Myanmar Business Forum. Of these, 14 have so been resolved through public-private cooperation.

While the IFC's performance has been good overall, it has not met Australia's standards on addressing gender equality and women's empowerment. In 2015-16, Australia initiated a robust gender assessment of Australia's private sector development investments in Myanmar. This was widely distributed and contributed to the limited information on gender in Myanmar. The IFC's response to the recommendations of this assessment was positive: IFC gender advisers have been engaged to work on the program, and a percentage of program funds have been allocated to gender activities. This will require ongoing management in 2016-17 and beyond.


Australia's expertise in economic governance has been recognised in Myanmar, due to our own large extractives industry. In 2015-16 the Myanmar Government sought Australia's assistance in drafting regulations to support implementation of its Mining Law. Australia funded the Natural Resource Governance Institute to work with government to develop provisions around environmental controls, land use and revenue transparency. This assistance offers huge potential to boost Myanmar's budget revenue from extractives. Clear and enforceable mining and investment regulation also provides greater certainty for potential investors, including Australian and international mining companies.


Rural development

Agriculture continued to play a central role in Myanmar's ability to achieve economic growth. Agriculture employs around 52 per cent of Myanmar's workforce and generates 37 per cent of GDP (World Bank, 2014). But restrictive government policy, minimal investment in crop research, and little crop diversification have contributed to productivity levels half the South-East Asian average. The new government is focused on driving structural reforms in agriculture as a key to broader economic growth.

Australia's support to rural development continued through the Livelihoods and Food Security Trust Fund (LIFT) and the Australian Centre for International Agricultural Research (ACIAR) Multidisciplinary Research Program. Australia is the third largest donor to LIFT, providing approximately 17 per cent of total funding. LIFT is a major multi-donor trust fund in Myanmar, comprising nine bilateral donors plus Mitsubishi Corporation. Australia's role on the LIFT Fund Board has provided a useful avenue for influencing strategic and programming decisions. LIFT has a far greater reach – both sectoral and geographic – than other actors in the sector at this time.

In 2015-16, LIFT interventions focused on supporting structural economic reforms in the agriculture sector in support of the government's priorities. LIFT facilitated innovative partnerships with companies to connect





smallholder farmers to commercial value chains. In 2015-16, rice farmers formed a cooperative to collectively transport, bargain and pay for milling, thus reducing farmers' overheads and providing access to commercial markets that would have been difficult to realise individually. LIFT has also supported innovative approaches to increasing access to finance, including by underwriting risk so companies can expand into markets that would otherwise not be viable. A small investment by LIFT has leveraged significant bank investment, which has led to banks opening in rural areas and providing savings and loans services for individuals and small businesses. Through LIFT, Australia contributed to increased incomes for 26,180 Myanmar households.

LIFT contributed to Australia's aid for trade agenda by seeking to address internal constraints to trade, such as cumbersome regulations, poor infrastructure and lack of workforce skills. LIFT also enabled DFAT to strengthen linkages between development and humanitarian assistance. Following Cyclone Komen in August 2015, LIFT's livelihoods programs were effectively used to support emergency response and early recovery in Rakhine and Chin States.

In 2016, Australia was appointed Gender Champion on the LIFT Fund Board. This recognised Australia's ongoing advocacy on gender. While LIFT has consistently gathered sex-disaggregated data and performed well on gender-focused activities, it has struggled to integrate gender sensitivity and analysis more consistently in all LIFT activities. Early on in this role, Australia has sought to have gender addressed in all activity proposals.

Recently LIFT has attempted to work more closely with the Myanmar Government, but the government transition and the lack of clear entry points to the new Ministry has made this difficult. LIFT has invited the government to participate in Fund Board discussions, and has offered technical assistance and policy advice.

Australia continued to fund the ACIAR Multidisciplinary Research Program for Food Security. This program aims to increase food production for small-holder farmers in the Ayeyarwady Delta and Central Dry Zone by applying research to agricultural practices. Implementation of the program has seen a marked improvement compared with last year's APPR as a result of actioning the findings of the June 2015 mid-term review.


Some notable results of the program over the reporting period include: farmers achieving a 14 per cent increase in rice yields over traditional practices and a 52 per cent increase in income during the dry season in Maubin Township, and seed banks being established in 112 villages. A more robust M&E framework has been introduced which will be able to better monitor program performance.

Public financial management

Australia and the United Kingdom are major partners in public financial management, having engaged early with the Myanmar Government in this area through the public expenditure review (launched February 2016) to deepen our understanding of public finance systems. Australia supported improved transparency of financial planning and budget processes in 2015-16 (\$2 million), and in doing so met this performance benchmark. This enabled the Myanmar Ministry of Planning and Finance to establish a multi-year fiscal framework, and resulted in improved budget planning among line ministries. In an effort to promote more transparent and accountable government, the Myanmar Government also published a budget for a public audience for the first time. This "Citizens' budget" explained simply and clearly how public money had been spent.

Despite these successes, little of Australia's funding for financial management was disbursed in 2015-16 due to capacity constraints within the Ministry of Planning and Finance. Officials were learning new procurement rules and took a risk averse approach to large scale tender processes. While this has resulted in expenditure delays, the approach of placing Ministry officials in key program management positions is likely to ensure greater sustainability and ownership over the longer term.

Myanmar also implemented significant tax reforms in 2015-16 as a result of support provided with Australian aid. As a result of the shift to a tax self-assessment system, preliminary data suggests that tax collections have risen rapidly, with the tax to GDP ratio climbing from 6 per cent in 2012-13 to 8.5 per cent in 2015-16. This increased tax revenue means additional funding for government reform priorities, which can contribute to stability in conflict-affected states.





Australia has supported the establishment of the Extractive Industries Transparency Initiative (EITI) in Myanmar (\$2 million in 2015-16). Myanmar's first EITI report was published in 2015 with detailed information on revenues from the oil and gas sectors. This complements Australia's other assistance in public financial management. The disbursement of project funds to address the report's findings has been delayed by the government transition, as it requires Cabinet approval. The funds will support Myanmar to implement the recommendations of the first EITI report, and help to deliver the second report.

Australia's support for inclusive economic growth and government management has the potential to also promote peace and security in Myanmar, in relation to discussions on resource distribution with states and regions. Our PFM program supported the government's development of a formula for resource transfers to state and region level, which could be a starting point for negotiations.

Further, while the IFC has not focused heavily on conflict sensitivity, the recent diagnostic trade assessment included a chapter on trade and peace. This highlighted both the risks in trade reform and the opportunities for trade to help facilitate peace, and will inform thinking in the sector going forward.

PERFORMANCE BENCHMARKS

Progress against performance benchmarks for each objective is discussed in the previous section and summarised in the table in Annex B. At present there are no program-wide performance benchmarks, but the Myanmar program will develop these later in 2016 as part of a revised AIP performance assessment framework.

MUTUAL OBLIGATIONS

Australia continued to deliver aid in line with the Myanmar Aid Investment Plan 2015-2020, in a way that was responsive to the Myanmar Government's priorities. In the Myanmar context, mutual obligations are framed around shared development objectives and interests. Australia will aim to expand its dialogue on development issues with the new government.


Myanmar and Australia have established periodic High Level Consultations on aid. Evidence of working towards shared development objectives is apparent at the sectoral level. For example, in education and public financial management, Australian officials have enjoyed working in partnership with Myanmar Government officials to better understand Myanmar's challenges and ensure Australian aid is appropriately tailored to addressing these challenges and priorities.


PROGRAM QUALITY AND PARTNER PERFORMANCE

Overview

Australia's aid program in Myanmar underwent a transition in 2015-16. In addition to shifting to a new Aid Investment Plan, we also focused on shifting the approach from that of an emerging aid program – delivering a diverse portfolio through many implementing partners, testing approaches, and spreading risk (which is highly resource intensive) – to a more typical development program with longer term, more predictable funding to fewer established partners. This transition has led to consolidation in some areas, namely education, inclusive economic growth, government management and peace. We anticipate this will lead to better coordination and monitoring, and reduced transaction costs. In 2016, Australia ranked third among bilateral donors to Myanmar on average investment size, indicating our aid portfolio is already consolidated by comparison.

But our humanitarian portfolio remains proliferated and highly resource intensive due to absorptive capacity constraints, the limited geographical coverage of some humanitarian partners, and the limitation of single year humanitarian funding. We will advocate for a more consolidated approach and multi-year funding commitments as part of a Myanmar humanitarian strategy, which is being developed in 2016-17.





A performance assessment framework (PAF) for the Myanmar Aid Investment Plan was developed in October 2015 and has formed the basis for assessing performance in this report. However, the PAF was developed when a number of major investments were still under design, and as a consequence the existing PAF does not capture some major investments. We have reviewed the PAF and identified areas for revision, to align with the aid portfolio going forward. In addition, we will strengthen our focus on program quality by including program management measures in the PAF. This exercise will be finalised in 2016.

The Myanmar program did not conduct any evaluations in 2015-16, after six were completed in the previous year. This largely reflects the timing of program cycles. Previous evaluation recommendations have been acted on. For example, the Myanmar Education Consortium has undergone substantial strategic and governance reforms in response to a 2015 mid-term review, while humanitarian funding to the Thai-Myanmar border was extended in line with an evaluation recommendation. We will continue to conduct reviews and evaluations where it makes sense. In 2016-17, we anticipate the major independent evaluation for the Myanmar program will examine the Decentralising Funding for Schools Project. This evaluation could generate a useful evidence base for working through government systems, as it was the first example of a major donor adopting such an approach in Myanmar.

A significant proportion of budget expenditure occurred in the last quarter of the financial year. The investment pipeline for Australia's future aid program to Myanmar is now much firmer, which provides clarity for all managers and implementing partners. Further work will be undertaken to clarify budget splits across the three AIP objectives to accommodate program peaks by shifting funding levels between programs each year. We have been focused on committing the pipeline through multi-year funding agreements, while building in flexibility to enable an effective response to the new Myanmar Government if required.

In light of the Australian aid budget reductions, the importance of Australia's strong technical expertise in maintaining policy engagement has come to the fore. Our expertise and pragmatism as a donor have enabled us to maintain influence with new government to date, and we recognise the need to preserve and value this technical expertise going forward.


ANALYSIS OF AID QUALITY CHECKS (AQC_s)


In 2015-16 we completed 10 AQC_s and one humanitarian AQC. Ratings were similar to those in 2014-15. The ratings of the education investments improved, while those for the Supporting Reform, Improving Governance investment declined. The decline resulted from the inclusion of a broad range of governance activities in the one AQC, whereas the 2015 AQC covered only the high-performing electoral support program. The ratings were nonetheless adequate in 2016.

There are no investments requiring improvement in the Myanmar program. A summary of AQC ratings is at Annex D.

Against a target of 85 per cent, 90 per cent of investments in the Myanmar program in 2015-16 received adequate or better ratings against the efficiency criteria (up from 73 per cent in 2014-15), and 82 per cent of investments were rated as effective (up from 64 per cent in 2014-15). This improvement is largely due to the extensive efforts of program managers and DFAT staff in implementing the recommendation of six reviews and evaluations conducted in 2014-15.

The Myanmar program met the gender equality strategic target for the aid program, with 9 out of 11 investments (82 per cent) receiving a rating of adequate or above. The Myanmar Investment Climate and Private Sector Program and the ACIAR Multidisciplinary Research Program received a less than adequate rating for gender equality. Program managers, including DFAT's Regional Gender Specialist, have been working closely with both partners through implementation to strengthen gender sensitive programming. The low ratings reflect a lack of gender awareness among implementing partners and beneficiaries, and a lack of sex disaggregated reporting.





Across the program there has been an increased effort to promote gender equality and women's empowerment; this was reflected across the AQC's. However, this effort has not yet translated into noticeable improvements. We will continue to work with our partners to improve their awareness of the way aid investments can impact women, men, girls and boys in different ways.

PERFORMANCE OF KEY DELIVERY PARTNERS


Reflecting Australia's medium-sized donor position in Myanmar, much of our aid was delivered through multi-donor trust funds managed by the World Bank Group and UN agencies. Increasingly, these funds are working with and through the Myanmar Government. Australia also provides direct funding to international NGOs and local partners, largely those involved in the peace process and humanitarian assistance. In 2016 the Myanmar aid program completed 11 Partner Performance Assessments, which covered six multilateral organisations and five NGOs.

The World Bank Multi Donor Trust Fund (MDTF) investment windows continued to be results focused and deliver high quality support for relevant partners. In 2015-16 the World Bank improved its performance on conflict sensitivity, but continued to rely on Australian expertise on gender equality and women's empowerment. The World Bank's responsiveness was reflected in the relocation of two team leader positions to Yangon at Australia's request. There is scope to strengthen the coordination between the various MDTF windows, particularly education and public financial management. The Bank's monitoring and evaluation system is very strong, and has enabled the education window to evolve into a more sophisticated and complex program.

Australia funded IFES to support the conduct of Myanmar's 2015 elections. IFES proved to be an effective, responsive partner that built trust with the Myanmar UEC and earned respect among donors and implementers. IFES' support was instrumental in improving UEC's ability to manage the elections. Both IFES and the UEC delivered a credible and transparent election against high expectations and significant scrutiny. IFES proved to be a highly responsive and communicative partner. IFES effectively chaired the Myanmar Elections Support Group, sharing updates and emerging issues, and provided regular high quality analysis to donors.

Save the Children Australia (SCA) manages the Myanmar Education Consortium (MEC) and delivers humanitarian assistance in Myanmar and to refugee camps on the Thai border. Australia welcomed SCA's constructive approach and response to the 2015 mid-term review, including their proactive approach in refocusing priorities through the development of a new program strategy, increasing policy engagement, improving governance, and strengthening technical expertise within the MEC team.

In 2015-16, Australia concluded its support to a poor performing UNICEF education investment, focusing instead on increased support to the Myanmar Ministry of Education.



RISKS

Table 3 Management of Key Risks to Achieving Objectives

Key risks	What actions were taken to manage the risks over the past year?	What further actions will be taken to manage the risks in the coming year?	For emerging/ongoing risks provide a Risk Rating (low, medium, high, very high)
A change in the priorities of the Myanmar Government could result in misalignment of Australian aid activities with government interests.	Australia monitored political developments; built relationships with government; built flexibility into all new aid activities to enable the program to respond to changing priorities and maintain our reputation as an effective, flexible donor; and balanced investments to government and non-government service providers.	Continue with existing controls and strengthen relationships with the new Myanmar Government.	Moderate
Australia loses influence with government and other stakeholders due to increasing number of donors and lower relative size of Australian aid program.	Australia managed ongoing engagement with Myanmar Government and targeted investments on specific areas of influence and experience.	Investments will continue to target areas of interest and visibility for the government, where Australia can provide effective support.	Moderate
Limited staff resources and staff movements delay program pipeline planning and maintains pressure on existing staff.	Australia retained technical staff and advisors to inform program decisions, drew on Canberra resources to support design and program management.	Maintain existing controls, and continue to redefine responsibilities where additional resourcing is required for high risk and new areas of work.	Low

MANAGEMENT RESPONSES

Of the nine management responses included in the previous report, eight have been achieved and one has not. A proposed Assessment of National Systems was deferred to 2016-17 due to competing priorities and limited resources. A summary of progress on management responses is included in the table in **Annex A**.


In 2016-17, Australia's aid program will:

Strategic

- mitigate political risk and maintain influence in an increasingly complex donor environment by working closely with the Myanmar Government to implement Australia's aid program and taking a leadership role in the Myanmar Development Cooperation Partners Group;
- closely monitor and report on developments in the peace process, and finalise a monitoring and evaluation framework for Australia's peace support;
- continue to encourage Myanmar Government engagement on Australian-funded aid investments, including in rural development;
- explore opportunities to support government efforts to address the situation in Rakhine State, including by increasing development assistance and resilience-centred humanitarian assistance through existing investments;
- maintain leadership role on gender equality role and women's empowerment by advocating consistently in investment governance mechanisms and with government, as appropriate;



Operational

- adopt a more predictable and consolidated humanitarian portfolio, by developing a humanitarian strategy for Myanmar as the basis for multi-year funding commitments;
 - finalise the two education investment designs;
 - revise AIP performance assessment framework to include whole-of-program performance indicators and reflect major new investments, including in rural development;
 - invest in long term technical expertise in education, humanitarian and public financial management to maintain Australia's policy credibility in Myanmar;
 - seek independent appraisals of all new investments to strengthen quality assurance systems; and
 - reduce proliferation and enter into longer program phases – four years where practicable – to provide greater predictability and reduce management overheads.
- 

ANNEX A- PROGRESS IN ADDRESSING MANAGEMENT RESPONSES

Describe progress made against management responses in 2014-15 report

Management responses identified in 2014-15 APPR	Rating	Progress made in 2015-16
Mitigate political risk by working closely with the next Myanmar Government to implement Australia's aid program.	Achieved	Australia engaged early with the new government in key sectors to understand emerging priorities and position our aid program to respond. This has been particularly effective in the education sector, where Australia has a strong policy lead among donors.
Closely monitor and report on developments in the peace process and recalibrate our investments as necessary.	Achieved	Australia closely monitored the many developments in the peace process in 2015-16. Phase Two of the Myanmar-Australia Peace Support program, approved in January 2016, provides inbuilt flexibility for the program to adapt and respond to new directions in the peace process
Build closer links with the private sector, including by using design and evaluation processes as opportunities to identify entry points.	Achieved	Australia's investments in private sector development, livelihoods (LIFT) and democratic governance (The Asia Foundation) drew on private sector expertise in delivering their programs. Mitsubishi Corporation has joined the LIFT Fund Board, and the Myanmar Business Forum is helping to shape government policy and regulation on private sector development.
Continue to strengthen program performance on gender equality and women's economic empowerment by including gender as a key evaluation questions for all reviews in 2015-16.	Achieved	Australia has consistently advocated for improved attention to gender equality and women's empowerment (e.g. on gender sensitive approaches in LIFT and the education teacher mentoring design). We also invested in additional gender inputs, including a robust gender assessment of private sector development. No evaluations were conducted in 2015-16.
Continue to explore options for using government systems to deliver accountable and effective aid by commencing work on an Assessment of National Systems.	Not achieved	The Assessment of National Systems was not commenced in 2015-16 due to the competing priority of two major education designs. However, the World Bank updated its fiduciary risk assessment of the Decentralising Funding to Schools Project. An independent evaluation of this investment is planned for 2016-17. This will guide future investments with government.
Improve program performance reporting by developing a targeted Performance Assessment Framework for the Myanmar Aid Investment Plan 2015-20 that explains Australia's contribution, sets targets to assess adequacy of progress, and is reviewed six monthly to maintain relevance.	Achieved	The performance assessment framework (PAF) for the Myanmar Aid Investment Plan was finalised in October 2015. It outlines Australia's contribution and sets annual targets to assess progress. The PAF was reviewed in 2016 as part of the annual investment quality reporting process, and some indicators will be adjusted to better align with new investments.

Explore opportunities to balance humanitarian assistance with a greater development focus on education and livelihoods, particularly in Rakhine State.

Achieved

Australia's 2015-16 humanitarian assistance to Myanmar focused on building resilience. We strengthened the links between our humanitarian and development programs by using development programs in education and livelihoods in Rakhine State to address early recovery needs. However, we recognise this is a long term endeavour and more can be done.

Support the Ministry of Education's monitoring and evaluation systems to improve data collection and its use in planning, including through the design of a new investment.

Partly achieved




The Decentralising Funding to Schools project's monitoring and evaluation system contributed to improved data collection and use by the Ministry; however, the new investment design for MyEQIP, which focuses solely on this issue, is still to be finalised.

Work with implementing partners of livelihoods program on program quality and performance and revisit progress against review recommendations in six months.

Achieved

The findings of the June 215 ACIAR mid-term review were actioned and led to a marked improvement in performance. This is reflected in the AQC ratings at Annex D.

Note:

-  Achieved. Significant progress has been made in addressing the issue
-  Partly achieved. Some progress has been made in addressing the issue, but the issue has not been resolved
-  Not achieved. Progress in addressing the issue has been significantly below expectations

ANNEX B- PROGRESS TOWARDS PERFORMANCE BENCHMARKS IN 2015-16

Aid objective	2014-15 benchmark	Rating	Progress in 2015-16
Enhancing human development	School grants provided to 80 per cent of schools in 100 townships, in accordance with the School Grant Guidelines	Achieved	School grants were provided to 95 per cent of schools in 288 townships in accordance with the School Grant Guidelines.
	10,000 students receiving payment in the stipends program (50 per cent girls)	Achieved	Over 120,000 stipends were paid in 2015-16 – well above the target. 47 per cent of beneficiaries were girls, short of the 50 per cent target. On balance, we assess this performance benchmark was achieved given the twelve fold increase in the reach of the stipends.
Promoting peace and stability	Establishment of Joint Peace Fund. Women who have completed Australian-funded training are engaged in the peace process	Achieved	The Joint Peace Fund was established in December 2015 and has attracted USD114 million in donor funding to date. CPCS delivered leadership training to 11 women who are engaged in the peace process. The increased leadership capacities are evidenced by the improved leadership performance in their respective organisations. However, we will seek to update this benchmark in future years to make it more measurable and reflective of Australia's contribution.
	More than 200,000 women and men receive Australian humanitarian assistance	Achieved	Australia's humanitarian assistance reached over 372,000 people in Myanmar in 2015-16.
Promoting inclusive growth	Draft investment law finalised for submission to Parliament. Investment procedures clarified, including through consultation with business and civil society.	Partly achieved	As at August 2016, the draft investment law is at the President's office awaiting his approval to introduce into the Myanmar Parliament. Investment procedures have been clarified through consultation with business and civil society to date, and will be further clarified once the investment law and implementing regulations are passed.
	Improved transparency of financial planning and budget processes.	Achieved	A multi-year fiscal framework was established by the Myanmar Government to improve fiscal planning and budget processes. Budget ceilings were circulated to line ministries to improve budget planning. The Myanmar Government also published a citizens' budget for 2015 and 2016. Myanmar's first Extractives Industries Transparency Initiative (EITI) report was published in 2015 with detailed information on revenues from the oil and gas sectors.

Note:

- Achieved. Significant progress has been made and the performance benchmark was achieved.
- Partly achieved. Some progress has been made towards achieving the performance benchmark, but progress was less than anticipated.
- Not achieved. Progress towards the performance benchmark has been significantly below expectations.

ANNEX C- EVALUATION PLANNING

List of evaluations completed in the reporting period

Investment number and name	Name of evaluation	Date completed	Date Evaluation report Uploaded into AidWorks	Date Management response uploaded into AidWorks	Published on website
No evaluations were completed in 2015-16.	n/a	n/a	n/a	n/a	n/a

List of program prioritised evaluations planned for the next 12 months

Evaluation title	Investment number and name (if applicable)	Date – planned commencement	Date – planned completion	Purpose of evaluation	Evaluation type
Myanmar Decentralising Funding for Schools Project Mid Term Review	INL347 Myanmar School Grants and Stipends (Decentralising Funding for Schools Project)	January 2017	June 2017	To verify the performance of Australia's major education investment in Myanmar and its innovative financing and monitoring approaches, to inform future programming in education and with the Myanmar Government more broadly.	Joint evaluation with World Bank and Myanmar Ministry of Education

ANNEX D- AID QUALITY CHECK RATINGS

AQC RATINGS

AQC investment performance over the previous 12 months and where available last year's AQC ratings are included.

Investment name	Approved budget and duration	year on year	Relevance	Effectiveness	Efficiency	Monitoring and Evaluation	Sustainability	Gender equality	Risks and Safeguards
Myanmar Basic Education	\$62.5m 2012-17	2016 AQC	5	5	4	4	4	4	5
		2015 AQC	4	4	3	4	3	3	4
Myanmar School Grants and Stipends (Decentralising Funding to Schools Project)	\$32.5m 2014-18	2016 AQC	6	5	5	5	5	4	5
		2015 AQC	6	4	4	5	5	4	5
Three Millennium Development Goals Fund	\$46.8m 2012-17	2016 AQC	5	4	4	3	5	4	5
		2015 AQC	6	4	4	5	4	5	5
Humanitarian and Peacebuilding Support in Myanmar	\$23.6m 2012-17	2016 AQC	6	4	4	4	5	4	5
		2015 AQC	5	4	4	4	4	4	4
UNICEF Child Protection Program	\$8.2m 2012-18	2016 AQC	5	4	4	3	5	4	4
		2015 AQC	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Supporting Reform, Improving Governance ¹	\$10.2m 2014-18	2016 AQC	5	4	4	4	4	4	4
		2015 AQC	5	6	5	5	5	5	5
Myanmar Investment Climate and Private Sector	\$20.2m 2015-20	2016 AQC	5	4	4	3	4	3	4
		2015 AQC	n/a	n/a	n/a	n/a	n/a	n/a	n/a

¹ The difference in AQC ratings between 2015 and 2016 is due to the two AQCs assessing different activities. The 2015 AQC was based solely on Australia's high performing electoral support to Myanmar, whereas the 2016 AQC covered a broader portfolio of electoral support, public financial management, and governance research and capacity building.

Livelihoods and Food Security Trust Fund	\$29m 2009-18	2016 AQC	5	5	4	4	5	4	5
		2015 AQC	5	5	5	4	4	4	5
CARE Supporting Partnerships and Resilience of Communities in Rakhine State	\$9.8m 2010-18	2016 AQC	5	4	3	5	3	4	5
		2015 AQC	4	3	4	4	3	4	5
ACIAR Multidisciplinary Research Program Myanmar	\$10.8m 2011-17	2016 AQC	5	3	4	4	4	3	4
		2015 AQC	5	3	4	3	4	4	4

Definitions of rating scale:

Satisfactory (4, 5 and 6)

6 = Very good; satisfies criteria in all areas. 5 = Good; satisfies criteria in almost all areas.

4 = Adequate; on balance, satisfies criteria; does not fail in any major area.

Less than satisfactory (1, 2 and 3)

3 = Less than adequate; on balance does not satisfy criteria and/or fails in at least one major area.

2 = Poor; does not satisfy criteria in major areas. 1 = Very poor; does not satisfy criteria in many major area.

HAQC RATINGS

Humanitarian response AQC's assess performance over the previous 12 months (ratings are not compared to previous years).

Investment name	Approved budget and duration	Relevance	Effectiveness	Efficiency	Monitoring and Evaluation	Connectedness	Protection	Gender equality	Risks and Safeguards
Assisting Myanmar's Conflict Affected and Displaced	\$34.9m 2013-17	5	3	4	4	4	3	4	4

Definitions of rating scale:

Satisfactory (4, 5 and 6)

6 = Very good; satisfies criteria in all areas. 5 = Good; satisfies criteria in almost all areas.

4 = Adequate; on balance, satisfies criteria; does not fail in any major area.

Less than satisfactory (1, 2 and 3)

3 = Less than adequate; on balance does not satisfy criteria and/or fails in at least one major area.

2 = Poor; does not satisfy criteria in major areas. 1 = Very poor; does not satisfy criteria in many major area.

ANNEX E – PERFORMANCE ASSESSMENT FRAMEWORK

Australia's Aid Objective 1.) Enhancing human development					
Outcome Indicator	Milestone 2015-2016	Milestone 2016-2017	Milestone 2017-2018	Milestone 2018-2019	Data Source and Baseline
Intermediate Outcome 1.1 Strengthened foundations of an effective and inclusive education system					
Expand and strengthen government school grants program	7,861,333 beneficiaries (50 per cent female) through school grants to 80 percent of schools in 100 townships, in accordance with the School Grant Guidelines	9,062,801 beneficiaries (50 per cent female) through school grants to 80 per cent of schools in 150 townships, in accordance with the School Grant Guidelines	10,259,509 beneficiaries (50 per cent female) through school grants to 80 per cent of schools in 200 townships, in accordance with the School Grant Guidelines	11,461,237 beneficiaries (50 per cent female) through school grants to 80 per cent of schools within all 330 townships, in accordance with the School Grant Guidelines	2015/16 onwards: Decentralising Funding to Schools Program World Bank (43,000 schools targeted)
	7 per cent schools with school improvement plan, aimed at learning outcomes and involved community participation	15 per cent schools with school improvement plan, aimed at learning outcomes and involved community participation.	30 per cent schools with school improvement plan, aimed at learning outcomes and involved community participation	50 per cent schools with school improvement plan, aimed at learning outcomes and involved community participation	Baseline for schools with school improvement plan: 5 per cent
Enabling Effective Teaching	Design to strengthen in-service teacher professional development finalised	MoE defined goals, performance indicators and budget for first year of the teacher mentoring program	600 mentor teachers engaged, trained and assigned to school clusters	50,000 classroom observations carried out	Baselines and milestones to be confirmed in the design

Strengthened policy formulation and oversight	National Education Sector Plan (NESP) informed by Australia's views M&E facility established	Donors coordinate effectively and help shape implementation of reforms Myanmar's education system's M&E plan developed, with trained M&E personal appointed at each level	Education reforms well supported within Myanmar Government Australian advice and evidence reflected in Myanmar's education policies and programs Capacity and systems established to monitor education management and performance of the sector	Aid investment has multiplier effect, with evidence of broader outcomes and relationship capital MoE adopting evidence-based policies and management systems	Policy dialogue as Co-Chair Joint Education Working Group EGRA (World Bank) M&E investment
Intermediate Outcome 1.2 Increased access to education in underserved populations					
Reduced drop-outs and repetition of poor students	10,000 students receiving payment in the stipends program (50 per cent girls)	18,000 students receiving payment in the stipends program (50 per cent girls)	40,000 students receiving payment in the stipends program (50 per cent girls)	100,000 students receiving payment in the stipends program (50 per cent girls)	World Bank Decentralised Funding to Schools Project. Baseline: 0 Additional milestones on drop-out rates and repetition to be confirmed

Australia's Aid Objective 2.) Promoting Peace and Stability					
Outcome Indicator	Milestone 2015-2016	Milestone 2016-2017	Milestone 2017-2018	Milestone 2018-2019	Data Source and Baseline
Intermediate Outcome 2.1 Supporting the peace process					
Support government and non-state actors to effectively engage in negotiations and dialogue	Establishment of Joint Peace Fund	Tri-partite governance mechanism for Joint Peace Fund begins operation	Parties actively involved in Joint Peace Fund governance structures	Parties actively involved in Joint Peace Fund governance structures	2015-16: Peace Support Fund; Norwegian Refugee Council; The Asia Foundation 2016-17 onwards: Joint Peace Fund – Multi Donor Trust Fund
	Technical support to negotiating parties is responsive to requests	Technical support to negotiating parties is responsive to requests	Technical support to negotiating parties is responsive to requests	Technical support to negotiating parties is responsive to requests	
	Women are better prepared to engage in the peace process	Women who have completed Australian-funded training are engaged in the peace process	Women who have completed Australian-funded training are engaged in the peace process	Women who have completed Australian-funded training are engaged in the peace process	

Intermediate Outcome 2.2 Supporting political reform and democratic institutions					
Capacity of key democratic institutions (including the Union Electoral Commission) enhanced	<p>Voter list (electoral roll) recognised as improved from previous elections</p> <p>Active involvement of civil society in the electoral process</p>	Milestones for 2016-17 to 2018-19 TBD following design of new programs, including democratic governance	Milestones for 2016-17 to 2018-19 TBD following design of new programs, including democratic governance	Milestones for 2016-17 to 2018-19 TBD following design of new programs, including democratic governance	2015-16: International Foundation for Electoral Systems (IFES); Australian Electoral Commission
Intermediate Outcome 2.3 Helping people affected by crises					
People in need receive effective and appropriate humanitarian assistance	<p>Target: more than 200,000 people receive Australian humanitarian assistance</p> <p>Percentage of Australian-funded humanitarian partners with a complaints mechanism</p> <p>Analysis of emergency response and protracted crises informs new Myanmar Humanitarian Strategy, including Australia's global humanitarian and early recovery priorities</p>	<p>Target: more than 200,000 women and men receive Australian humanitarian assistance</p> <p>Percentage of Australian-funded humanitarian partners with a complaints mechanism</p> <p>Percentage of Australian support delivered in line with priorities identified in strategy</p>	<p>Target: more than 200,000 women and men receive Australian humanitarian assistance</p> <p>Percentage of Australian-funded humanitarian partners with a complaints mechanism</p>	<p>Target: more than 200,000 women and men receive Australian humanitarian assistance</p> <p>Percentage of Australian-funded humanitarian partners with a complaints mechanism</p>	<p>2015/16 \$4.8 m devolved; \$2.9 m bilateral</p> <p>Notes: support mostly to Rakhine and Thai-Myanmar border</p> <p>Review regularly in light of evolving humanitarian need</p>

Australia's aid objective 3) Promoting Inclusive Growth					
Outcome Indicator	Milestone 2015-2016	Milestone 2016-2017	Milestone 2017-2018	Milestone 2018-2019	Data source and baseline
Intermediate Outcome 3.1 Enabling private sector led growth					
Support the establishment of an effective and responsible investment environment	<p>Draft investment law finalised for submission to Parliament</p> <p>Investment procedures clarified, including through consultation with business and civil society</p>	A more certain and predictable investment environment	A more certain and predictable investment environment	On track to meet an increase in investment to a total value of US\$500 million by 2020-21	Source: IFC Concept Note Log Frame
Contribute to an improved business environment	Myanmar Business Forum established and operating effectively	Myanmar Business Forum leads to constructive dialogue between business, government and civil society on business enabling reform	Improvement in Myanmar's ranking in Doing Business Index (baseline of 177)	Savings generated for the private sector as a result of business enabling and trade reforms to the value of US\$13.6 million and US\$20 million respectively	Source: IFC Concept Note Log Frame

Intermediate Outcome 3.2 Better management, transparency and accountability of resources					
Strengthen public financial management systems and improved fiscal transparency	Improved transparency of financial planning and budget processes	Improved quality and transparency of financial planning and budget processes	Increased tax to GDP ratio from 6.2 per cent in 2012-13	Increased tax to GDP ratio of over 10 per cent and a 20 per cent increase in large tax payers from 2012-13 baseline	Source: Public Financial Management World Bank Results Report Objective Indicators

ⁱ Out of a total population of 53.9 million.

ⁱⁱ The reduction was less than the anticipated 40 per cent due to the allocation of an additional \$15 million in humanitarian funding to respond to major floods in August 2015 and to Myanmar's protracted humanitarian crises.

ⁱⁱⁱ Myanmar's 2015GDP is estimated at USD64.87 billion. World Bank Group: <http://www.worldbank.org/en/country/myanmar>

^{iv} Comprising USD100 million in Myanmar government funds and a USD80 million IDA loan from the World Bank.

^v Under the NCA, a Union-level Joint Monitoring Committee (JMC) with representation from the ceasefire signatories was established to monitor the ceasefire.

^{vi} UK, Canada, EU, US and Switzerland

^{vii} Australia first invested in inclusive economic growth in 2014, when DFAT published a Private Sector Development Strategy.